

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Interconnection and Resale Obligations)
Pertaining to)
Local Exchange Carrier Provision of)
Commercial Mobile Radio Services)

CC Docket No. 94-54

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REPLY COMMENTS OF AT&T WIRELESS SERVICES, INC.

AT&T Wireless Services, Inc. ("AT&T"), by its attorneys, hereby submits its reply comments with respect to the Third Notice of Proposed Rulemaking in the above-captioned proceeding.^{1/}

INTRODUCTION AND SUMMARY

The vast majority of commenters in this proceeding agree that an automatic roaming rule is completely unwarranted at this time. This chorus represents every segment of the CMRS industry, including all types and sizes of carriers providing cellular, personal communications services ("PCS"), covered specialized mobile radio ("SMR"), or a combination of these services. While a few isolated commenters argue that they will be harmed without mandated automatic roaming, their fears are wholly unsubstantiated. As almost all carriers recognize, the market has protected, and will continue to protect, the

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^{1/} Interconnection and Resale Obligations Pertaining to Local Exchange Carrier Provision of Commercial Mobile Radio Services, CC Docket No. 94-54, Second Report and Order and Third Notice of Proposed Rulemaking, FCC 96-284 (rel. Aug. 15, 1996) ("Third Notice").

ability of their customers to roam automatically. The Commission should therefore decline to adopt a rule requiring carriers to provide automatic roaming.

I. The Commenters Generally Agree That There is No Justification for an Automatic Roaming Rule

The Commission's main concern in Third Notice was ensuring that CMRS providers, especially new entrants such as PCS providers, would be able to compete with incumbents by offering their own customers an extended service area.^{2/} There is simply no evidence to suggest that mandating automatic roaming is necessary to achieve this objective.^{3/} As was the case with cellular service, market forces will ensure that all CMRS providers are able to negotiate automatic roaming agreements to the extent they desire such capability.^{4/} As AT&T has demonstrated, the economic incentives for carriers to provide automatic roaming

^{2/} See id. at ¶¶ 2, 11 and 19.

^{3/} E.g., Comments of Bell Atlantic NYNEX Mobile, Inc. at 3-7; Comments of the Cellular Telecommunications Industry Association at 4; Comments of the Personal Communications Industry Association at 3-9; see also comments cited at note 4, infra.

^{4/} See Comments of Ameritech at 2-3; Comments of AirTouch Communications, Inc. at 2; Comments of AT&T Wireless Services, Inc. at 3-6 ("AT&T Comments"); Comments of Century Cellunet, Inc. at 2-4; Comments of GTE Mobilenet at 4-5; Comments of PrimeCo Personal Communications, L.P. at 9-10; Comments of the Rural Cellular Association at 3-5; Comments of the Rural Telecommunications Group at 3-4; Comments of Southwestern Bell Mobile Systems, Inc. at 1-9; Comments of Sprint Spectrum L.P., d/b/a/ Sprint PCS at 5-6; Comments of 360° Communications Company at 2-5; Comments of Vanguard Cellular Systems, Inc. at 3-6.

to carriers from other markets are compelling and obviate the need for an automatic roaming rule.^{5/}

Western Wireless Corporation ("Western") fails to provide any legitimate evidence that it will be unable to negotiate automatic roaming agreements.^{6/} Western's alleged problems with securing prompt agreements likely had more to do with the fact that it had not yet completed construction of its PCS systems when it initiated negotiations than with cellular carriers' reluctance to negotiate. Indeed, at this point, Western still lacks a handset capable of manual roaming on cellular systems, let alone automatic roaming.^{7/} Nonetheless, AT&T has signed an automatic roaming agreement with Western for both its cellular and PCS properties. When Western's PCS customers are supplied with hand sets that allow them to actually roam on cellular networks, it is unlikely that it will face any obstacles to entering into roaming agreements in any market it desires.

II. No Carrier Should Be Required to Force Its Customers to Automatically Roam on Another Carrier's Network

The Alliance of Independent Wireless Operators ("Alliance") asks the Commission to impose automatic roaming on CMRS providers for a wholly different reason: to guarantee

^{5/} See AT&T Comments at 4-5; see also Comments of AT&T Corp., Interconnection and Resale Obligations Pertaining to Local Exchange Carrier Provision of Commercial Mobile Radio Services, CC Docket No. 94-54, Second Notice of Proposed Rulemaking, FCC 95-149 (rel. Apr. 20, 1995), Declaration of Bruce M. Owen, Exhibit 1 at 26, ¶ 66 ("Cellular systems have the proper incentive to provide roaming services without regulation because refusal to provide efficient roaming services would cause cellular systems to forego the opportunity to earn profits on such services"); id. at 23-26, ¶¶ 58-66.

^{6/} See Comments of Western Wireless Corporation at 3.

^{7/} Western Wireless does not expect to have the requisite dual-mode handset until next year. Id. at 3 n.5.

that all CMRS providers will capture some of the roaming revenues from "foreign subscribers who travel into their markets."^{8/} This position is tantamount to asking the Commission to strip carriers of the most basic tool necessary to negotiate low-cost, high-quality roamer rates for their customers. Indeed, if adopted, the Alliance's proposal would vest in roamed-on ("host") providers an unprecedented entitlement to revenues. As a result, anticompetitive conduct such as "roaming traps" would proliferate and prices to customers would ultimately increase.

A roaming trap is an area outside the home carrier's service area in which the host provider charges excessive rates.^{9/} Because of differences in the method of billing in manual and automatic roaming arrangements, in the automatic roaming context such traps are both more likely to succeed and more likely to affect adversely the relationship between the home carrier and its customer.

In the manual roaming context, the host provider directly bills the customer; with automatic roaming the host provider bills the home carrier, which in turn bills the customer. When a customer places a manual roaming call outside the home carrier's license area, the customer can readily determine the rate that the host provider charges by dialing *611.^{10/}

^{8/} Comments of the Alliance of Independent Wireless Operators at 5 ("Alliance Comments").

^{9/} Roaming traps often lie in underpopulated areas that receive frequent traffic from customers who subscribe to carriers outside the license area. Because the trapping carrier has very few home customers, most of its revenues come from roaming. In this case, it has an incentive to maintain artificially high rates even where its automatic roaming arrangements contain reciprocal terms.

^{10/} Dialing *611 on a cellular system patches a customer into the "customer care" service, which provides information regarding the roamed-on carrier's rates.

Because host providers in manual roaming situations directly bill the customer, the *611 inquiry will allow the customer to determine exactly what he or she would pay to obtain roamer service. Contrary to the Alliance's assertion, however, in the automatic roaming environment, a customer will not be able to determine what rate it will ultimately be charged by the home carrier because dialing *611 only reaches the host carrier's customer service representative. For the protection of their customers, home carriers sometimes refuse to enter into arrangements with host providers that insist on artificially high rates.^{11/} The Commission should not disturb such decisions.

The Alliance's position that an automatic roaming requirement is necessary to protect CMRS subscribers is flatly wrong. Like the Alliance, AT&T clearly wants its customers to be able to roam conveniently in adjacent markets.^{12/} Thus, only in extreme circumstances would AT&T decline to enter into or revoke agreements that permit automatic roaming on other carriers' systems.^{13/} Those circumstances include the charging of excessive prices by would-be host providers and an unacceptable risk of fraud. While customer demand for automatic roaming is a powerful incentive for CMRS providers to enter into automatic

^{11/} Because extra steps are required to place a call pursuant to manual roaming, the customer will be alerted to the fact that it is outside the service area and that higher roaming rates may apply. More importantly, the fact that only manual roaming is available will often indicate that the area may be a roaming trap and that the customer should first inquire about the rates.

^{12/} See id. at 10; Third Notice at ¶ 11.

^{13/} Cf. Alliance Comments at 19 (alleging that home carriers threaten to "pull roaming agreements" as a negotiating tactic); see also id. at 16-17. A home carrier revokes or "pulls" a roaming arrangement by removing subscriber information from the host provider's system, which disables the host provider from providing automatic roaming.

roaming arrangements,^{14/} customers do not demand, and the Commission should not endorse (let alone force), the creation of roaming traps that would be fostered by the automatic roaming requirement advanced by the Alliance.^{15/}

The Alliance's contention that roaming prices would decrease if CMRS providers were forced to enter automatic roaming arrangements with all other CMRS providers is entirely counter-intuitive.^{16/} Simple economics dictates that roaming rates will be lower if host carriers compete to carry a carrier's roaming traffic. Conversely, a regulatory requirement that each CMRS provider is entitled to a share of roaming traffic, regardless of the price or quality of its service, completely removes any incentive to meet competitors' prices. While the Alliance correctly acknowledges that market forces drive lower prices,^{17/} it inexplicably proposes that the Commission supplant market forces through regulatory fiat.

The Alliance's request that the Commission guarantee its members some portion of roaming traffic regardless of their rates is anticompetitive and anticonsumer. The Alliance presents absolutely no grounds for exempting host carriers from competing for roaming traffic in the marketplace based upon the price and quality of their services.

^{14/} Third Notice at ¶ 11 ("roaming capability is . . . highly valued by . . . subscribers, and . . . may be a key competitive consideration in the wireless marketplace . . .")

^{15/} See Comments of the Rural Telecommunications Group at 9 ("carriers should be able to protect themselves and their customers from . . . other carriers that charge excessive roaming charges, *i.e.*, 'roaming traps'").

^{16/} See Alliance Comments at 12-14.

^{17/} Id. at 13.

CONCLUSION

For the reasons set forth above and in AT&T's Comments, the Commission should not adopt an automatic roaming requirement for CMRS providers.

Respectfully submitted,

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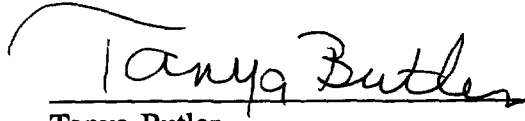
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CERTIFICATE OF SERVICE

I, Tanya Butler, do hereby certify that on this 22nd day of November, 1996, I caused a copy of the foregoing "Comments of AT&T Wireless Services, Inc." to be delivered by messenger (*) or first class mail to the following:


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